

FY 2023-24 LICENSING AND REGULATORY AFFAIRS BUDGET

GOVERNOR'S RECOMMENDATION

Article 13

Committee: Appropriations

| FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE | FY 2022-23 YEAR-TO-DATE* | FY 2023-24 GOVERNOR'S RECOMMENDATION | CHANGES FROM FY 2022-23 YEAR-TO-DATE | |
|--|-----------------------------|--|---|-------------|
| | | | AMOUNT | PERCENT |
| FTE Positions | 1,849.9 | 1,861.9 | 12.0 | 0.6 |
| GROSS | 539,834,400 | 600,471,200 | 60,636,800 | 11.2 |
| Less: | | | | |
| Interdepartmental Grants Received | 47,026,900 | 46,897,200 | (129,700) | (0.3) |
| ADJUSTED GROSS | 492,807,500 | 553,574,000 | 60,766,500 | 12.3 |
| Less: | | | | |
| Federal Funds | 29,659,200 | 30,004,200 | 345,000 | 1.2 |
| Local and Private..... | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING..... | 463,148,300 | 523,569,800 | 60,421,500 | 13.0 |
| Less: | | | | |
| Other State Restricted Funds..... | 249,325,900 | 256,838,700 | 7,512,800 | 3.0 |
| GENERAL FUND/GENERAL PURPOSE | 213,822,400 | 266,731,100 | 52,908,700 | 24.7 |
| PAYMENTS TO LOCALS | 169,417,400 | 242,917,400 | 73,500,000 | 43.4 |

*As of February 7, 2023.

Major Boilerplate Changes from FY 2022-23 Year-to-Date:

- Deleted Sections.** The Governor deleted a number of sections, which include: 206 (Disciplinary Action), 211 (Department Website Requirement), 212 (Restricted Fund Report), 213 (Online Department Scorecard), 214 (Legacy Cost Estimates), 217 (Work Project Authorization), 218 (Intertransfer of Funds), 219 (Report Retention Requirement), 220 (Policy Change Reporting Requirement), 221 (Severance Pay Report), 222 (COVID -19 Vaccine Passport), 223 (Remote Work Policy), 229 (Regulatory Activity and Complaints Reporting), 230 (Employee Performance Monitoring), 232 (Report on TV and Radio Productions), 233 (Pending Litigation), 234 (Posting of Training Materials), 235 (Customer Service and Business Ethics Training), 302 (Low Carbon Energy Infrastructure Enhancement Program), 505 (Report on Fireworks Inspection Reimbursements), 508 (Notice to Legislators), 509 (Children Masking Requirement), 601 (CRA Report), 602 (CRA Report on Illegal/Illicit Activities), 603 (CRA Hemp Report), 604 (On-site Distillate Inspections), 803 (Prohibition on MIDC Construction), 1001 (BFS - Smoke Detectors), and 1002 (Cannabis Market Taxation Pilot Program).
- NEW Standard Section.** The Governor included a new language regarding diversity, equity and inclusion (DEI). (**NEW** Sec. 211)
- Michigan Liquor Control Commission.** The Governor removed language prioritizing investigation and auditing of unlicensed out-of-state retailers and third-party marketers. Removed requirements for unlicensed out-of-state retailers and third-party marketers to be referred to the Attorney General. (Sec. 401)
- Adjustment and Removal of Funding Limits.** The Governor amended or removed language within several sections which limit the appropriation that is allowed within the department. These sections include: 210 (Contingency Funds), 225 (Expenditure from Private Grants), 226 (Program Registration Fees), 510 (Ski and Amusement Parks), 512 (Public Assembly Inspections), 801 (Byrne Formula Grant Funding), and 1001 (Michigan Saves).

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| FY 2022-23 Year-to-Date Appropriation | | \$539,834,400 | \$213,822,400 | | |
|--|--|---------------------------------|---------------|---|-------------|
| | | CHANGE FROM FY 2022-23 Y-T-D | | FY 2023-24 RECOMMENDED APPROPRIATION | |
| | | Gross | GF/GP | Gross | GF/GP |
| <u>Baseline Adjustments</u> | | | | | |
| 1. Michigan Indigent Defense Commission (MIDC) Grants. The Governor increased MIDC grants to reflect implementation of existing minimum standards #1-5 and the indigency standard. | | 29,844,500 | 29,844,500 | 220,917,400 | 220,617,400 |
| 2. Michigan Liquor Control Commission (MLCC) Law Enforcement Grants. The Governor included increased authorization to reflect the projected increase in statutorily required grant payments. | | 1,500,000 | 0 | 9,900,000 | 9,900,000 |
| 3. Corporations Online Filing System Maintenance. The Governor included increased authorization to support ongoing maintenance costs. | | 1,000,000 | 0 | 22,354,500 | 1,860,600 |
| 4. MLCC SIPS Licensing and maintenance. The Governor increased authorization to support the licensing and maintenance costs associated with the new Sales, Inventor, Purchasing and Licensing System (SIPS). | | 900,000 | 0 | 17,761,100 | 0 |
| 5. Child Care Licensing Bureau. The Governor increased authorization to support ongoing licensing and maintenance costs for the new licensing system. | | 600,000 | 600,000 | 23,677,800 | 3,100,000 |
| 6. Industrial Hemp Shift from MDARD (ERO 2022-1). The Governor increased authorization in the Cannabis Regulatory Agency (CRA) to reflect the transfer of industrial hemp licensing and regulation responsibilities to LARA from MDARD. | | 300,000 | 0 | 28,004,600 | 0 |
| 7. MiLogin Rate Increase. The Governor increased authorization to support increased costs associated with the MiLogin system. | | 100,000 | 0 | 22,354,500 | 18,630,600 |
| 8. Bureau of Fire Services Aboveground Storage Tank Fees. The Governor increased authorization to reflect increased revenue collections. | | 100,000 | 0 | 14,028,700 | 5,369,600 |
| 9. Public Service Commission - Underground Natural Gas Storage Inspection Program. The Governor increased authorization to reflect increased inspection and enforcement activities required by the program. | | 73,900 | 0 | 34,168,900 | 0 |
| 10. Low Carbon Grant Program Removal. The Governor removed funding for the Low Carbon Energy Infrastructure Enhancement and Development Program. | | (25,000,000) | (25,000,000) | 0 | 0 |

FY 2023-24 LICENSING AND REGULATORY AFFAIRS BUDGET
GOVERNOR'S RECOMMENDATION

| | CHANGE FROM FY 2022-23 Y-T-D | | FY 2023-24 RECOMMENDED APPROPRIATION | |
|---|---------------------------------|-------------|---|-------------|
| | Gross | GF/GP | Gross | GF/GP |
| 11. Technical Adjustments. The Governor included adjustments to reflect revenue estimates. | 1,900 | 0 | N/A | N/A |
| 12. Economic Adjustments. Includes a negative \$1,311,400 Gross and a negative \$104,300 GF/GP for total economic adjustments. | (1,311,400) | (104,300) | N/A | N/A |
| <u>New Programs/Program Increases</u> | | | | |
| 13. MIDC Grants. The Governor included \$42.2 million for increased MIDC grants to reflect implementation of the newly approved minimum standard #8, attorney compensation. | 42,155,500 | 42,155,500 | 220,917,400 | 220,617,400 |
| 14. Child Care Licensing Bureau Background Check Authorization. The Governor included \$2.0 million in funding for 6.0 FTEs shifted from within the department to support increased costs associated with background check and related staffing costs. | 2,000,000 | 2,000,000 | 23,677,800 | 3,100,000 |
| 15. CRA Reference Laboratory. The Governor included \$1.6 million in state restricted funding for 5.0 FTEs to establish the CRA reference laboratory. | 1,600,000 | 0 | 28,004,600 | 0 |
| 16. Child Care Licensing Bureau Staffing Increase. The Governor included \$1.1 million and 7.0 FTEs to support operations in the child care licensing bureau. | 1,100,000 | 1,100,000 | 23,677,800 | 3,100,000 |
| 17. Public Service Commission - Gas Safety and Operations. The Governor included \$813,400 to support increased staffing of 5.0 FTEs shifted from within the department. Of the total, \$349,900 is federal funding and the remaining \$463,500 is state restricted funding. | 813,400 | 0 | 34,168,900 | 0 |
| 18. MLCC Staffing. The Governor included \$514,600 in state restricted funding to support 3.0 FTEs shifted from within the department. | 514,600 | 0 | 17,761,100 | 0 |
| 19. MIDC Operations Increase. The Governor included \$413,000 to support staff costs for 2.0 FTEs shifted within the department to ensure proper financial oversight of the grants to locals. | 413,000 | 413,000 | 3,167,400 | 3,167,400 |
| <u>Eliminations/Reductions - NONE</u> | | | | |
| <u>One-Time Appropriations</u> | | | | |
| 20. FY 2022-23 One-Time Appropriations Removal. The Governor removed FY 2022-23 One-Time Appropriations, which included: \$2.5 million for Michigan Saves, \$2.3 million in State Restricted Funding for | (8,343,600) | (4,500,000) | 0 | 0 |

FY 2023-24 LICENSING AND REGULATORY AFFAIRS BUDGET
GOVERNOR'S RECOMMENDATION

| | CHANGE FROM FY 2022-23 Y-T-D | | FY 2023-24 RECOMMENDED APPROPRIATION | |
|--|---------------------------------|----------------------|---|-----------|
| | Gross | GF/GP | Gross | GF/GP |
| Corporations Online Filing Modernization, \$1.0 million in State Restricted Funding for the Michigan Task Force on Foreign-Trained Medical Professionals, \$1.0 million for Urban Search and Rescue, \$1.0 million for BFS Smoke Detectors, and \$500,000 in State Restricted Funding for the Cannabis Market Taxation and Regulatory Compliance Analysis Pilot Program. | | | | |
| 21. Michigan Saves. The Governor included one-time funding for Michigan Saves to leverage private loan investments in clean energy improvements. | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| 22. Bureau of Survey and Certification. The Governor included one-time funding to support additional federal inspections of over 20 health care provider types. | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| 23. Child Care Licensing Bureau Background Check Authorization. The Governor included one-time funding to support programming upgrades to the workforce background check IT system. | 200,000 | 200,000 | 200,000 | 200,000 |
| 24. Cannabis Regulatory Agency Reference Laboratory Buildout. The Governor included one-time funding to support the buildout of the new Reference Laboratory. | 2,800,000 | 0 | 2,800,000 | 0 |
| 25. Corporations, Securities, and Commercial Licensing. Governor included one-time funding for the remaining project costs associated with the Corporation Online Filing System Modernization. | 2,700,000 | 0 | 2,700,000 | 0 |
| Other | | | | |
| 26. Shift Property Management Savings to Corporations, Securities and Commercial Licensing. The Governor shifted \$375,000 gross savings from the property management line to Corporations, Securities and Commercial Licensing Bureau | 375,000 | 0 | N/A | N/A |
| Total Changes..... | \$60,636,800 | \$52,908,700 | | |
| FY 2023-24 GOVERNOR'S RECOMMENDATION..... | \$600,471,200 | \$266,731,100 | | |

Date Completed: 2-14-23

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